

STATE OF SOUTH CAROLINA

(Caption of Case)

APPLICATION OF

TENNESSEE TELEPHONE SERVICE, LLC
D/B/A FREEDOM COMMUNICATIONS USA,
LLC

FOR CERTIFICATION AS AN ELIGIBLE
TELECOMMUNICATIONS CARRIER

218838
COPY
BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
COVER SHEET

DOCKET

NUMBER: 2009 - 332 - C

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(Please type or print)

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DOCKETING INFORMATION (Check all that apply)

- ☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously
- ☐ Other: _____

INDUSTRY (Check one)

NATURE OF ACTION (Check all that apply)

- | | | | |
|--|--|--|--|
| <input type="checkbox"/> Electric | <input type="checkbox"/> Affidavit | <input type="checkbox"/> Letter | <input type="checkbox"/> Request |
| <input type="checkbox"/> Electric/Gas | <input type="checkbox"/> Agreement | <input type="checkbox"/> Memorandum | <input type="checkbox"/> Request for Certification |
| <input type="checkbox"/> Electric/Telecommunications | <input type="checkbox"/> Answer | <input type="checkbox"/> Motion | <input type="checkbox"/> Request for Investigation |
| <input type="checkbox"/> Electric/Water | <input type="checkbox"/> Appellate Review | <input type="checkbox"/> Objection | <input type="checkbox"/> Resale Agreement |
| <input type="checkbox"/> Electric/Water/Telecom. | <input type="checkbox"/> Application | <input type="checkbox"/> Petition | <input type="checkbox"/> Resale Amendment |
| <input type="checkbox"/> Electric/Water/Sewer | <input type="checkbox"/> Brief | <input type="checkbox"/> Petition for Reconsideration | <input type="checkbox"/> Reservation Letter |
| <input type="checkbox"/> Gas | <input type="checkbox"/> Certificate | <input type="checkbox"/> Petition for Rulemaking | <input type="checkbox"/> Response |
| <input type="checkbox"/> Railroad | <input type="checkbox"/> Comments | <input type="checkbox"/> Petition for Rule to Show Cause | <input type="checkbox"/> Response to Discovery |
| <input type="checkbox"/> Sewer | <input type="checkbox"/> Complaint | <input type="checkbox"/> Petition to Intervene | <input type="checkbox"/> Return to Petition |
| <input checked="" type="checkbox"/> Telecommunications | <input type="checkbox"/> Consent Order | <input type="checkbox"/> Petition to Intervene Out of Time | <input type="checkbox"/> Stipulation |
| <input type="checkbox"/> Transportation | <input type="checkbox"/> Discovery | <input checked="" type="checkbox"/> Prefiled Testimony | <input type="checkbox"/> Subpoena |
| <input type="checkbox"/> Water | <input type="checkbox"/> Exhibit | <input type="checkbox"/> Promotion | <input type="checkbox"/> Tariff |
| <input type="checkbox"/> Water/Sewer | <input type="checkbox"/> Expedited Consideration | <input type="checkbox"/> Proposed Order | <input type="checkbox"/> Other: |
| <input type="checkbox"/> Administrative Matter | <input type="checkbox"/> Interconnection Agreement | <input type="checkbox"/> Protest | |
| <input type="checkbox"/> Other: | <input type="checkbox"/> Interconnection Amendment | <input type="checkbox"/> Publisher's Affidavit | |
| | <input type="checkbox"/> Late-Filed Exhibit | <input type="checkbox"/> Report | |

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August 28, 2009

VIA OVERNIGHT DELIVERY

Mr. Charles Terreni
Chief Clerk of the Commission
South Carolina Public Service Commission
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210
(803) 896-5100

Re: Tennessee Telephone Service, LLC d/b/a Freedom Communications USA, LLC
Docket No. 2009-332-C

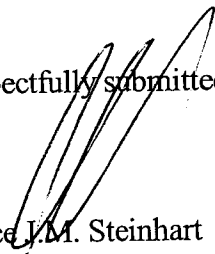
Dear Mr. Terreni:

Pursuant to letter dated August 18, 2009 in the above-referenced docket, enclosed please find for filing an original and twenty-five (25) copies of the company's pre-filed testimony.

I have enclosed an extra copy of this letter to be date-stamped and returned to me in the self-addressed, postage prepaid envelope I have provided.

If you have any questions or if I may provide you with any additional information, please do not hesitate to contact me.

Respectfully submitted,



Lance J.M. Steinhart
Attorney Tennessee Telephone Service, LLC d/b/a Freedom Communications USA, LLC

cc:

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IN RE: APPLICATION OF)
TENNESSEE TELEPHONE SERVICE, LLC))
D/B/A FREEDOM COMMUNICATIONS)
USA, LLC)
FOR CERTIFICATION AS AN ELIGIBLE)
TELECOMMUNICATIONS CARRIER)
)

DIRECT TESTIMONY)
OF MATT DAVIS)

1 **Q: PLEASE STATE YOUR NAME, YOUR POSITION WITH TENNESSEE**
2 **TELEPHONE SERVICE, LLC D/B/A FREEDOM COMMUNICATIONS**
3 **USA, LLC AND YOUR BUSINESS ADDRESS.**

8 **Q: PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR BACKGROUND**
9 **AND EXPERIENCE.**

1

1

2 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

3 **A:** The purpose of my testimony is to demonstrate that Tennessee Telephone meets
4 the state and federal requirements for designation as an Eligible
5 Telecommunications Carrier ("ETC") in the State of South Carolina in the
6 designated areas of BellSouth Telecommunications/AT&T South Carolina service
7 territory (the "Designated Service Area"). A List of Wire Centers is attached as
8 Exhibit 1 to our application filed in this Docket.

9 **Q: DOES TENNESSEE TELEPHONE CURRENTLY PROVIDE**
10 **TELECOMMUNICATIONS SERVICE IN SOUTH CAROLINA?**

11 **A:** Yes. Tennessee Telephone was granted a Certificate of Public Convenience and
12 Necessity to Provide Competitive Local Exchange Telecommunications Services
13 within the State of South Carolina Pursuant to Order No. 2004-567 issued in
14 Docket No. 2004-211-C on November 15, 2004. Tennessee Telephone is also a
15 common carrier as that term is defined in 47 U.S.C. §153(10), and Tennessee
16 Telephone meets the requirements of 47 U.S.C. § 214(e)(1).

17 **Q: DOES TENNESSEE TELEPHONE CURRENTLY CONTRIBUTE TO THE**
18 **FUNDING FOR UNIVERSAL SERVICE?**

19 **A:** Yes. Federal regulations require carriers such as Tennessee Telephone to
20 contribute a portion of their revenues to the funding of federal universal service.

1

2 **Q: IS THE COMPANY PRESENTLY ABLE TO DRAW FROM FEDERAL**
3 **UNIVERSAL SERVICE FUNDS FOR THE PROVISION OF THE**
4 **SUPPORTED SERVICES IN SOUTH CAROLINA?**

5 **A:** No. Until it is designated as an ETC for those areas it serves in South Carolina,
6 Tennessee Telephone is not able to receive any federal universal service funds to
7 support its provision of universal services to South Carolina consumers.

8 **Q: BY OBTAINING ETC DESIGNATION, WILL TENNESSEE**
9 **TELEPHONE IMPROVE THE QUALITY OF BASIC SERVICE**
10 **PROVIDED TO SOUTH CAROLINA RESIDENTS?**

11 **A:** Yes. As required, if Tennessee Telephone receives ETC designation, any
12 universal service funding it receives will be used only to support the provision,
13 upgrading and maintenance of Tennessee Telephone's residential network where
14 Tennessee Telephone is designated as an ETC in South Carolina. As a result,
15 Tennessee Telephone will be able to improve the quality of basic service by
16 increasing the availability of this unique service to customers who reside in areas
17 of the state where the service is currently unavailable and, due to credit and
18 deposit requirements, may not be able to obtain the safety and convenience of
19 telephone service from traditional providers.

1

2 **Q: WILL TENNESSEE TELEPHONE'S CUSTOMERS EXPERIENCE**
3 **OTHER BENEFITS AS A RESULT OF TENNESSEE TELEPHONE'S**
4 **DESIGNATION AS AN ETC?**

5 **A:** Yes. Since Tennessee Telephone is seeking only low income support, and
6 Lifeline is designed to reduce the monthly cost of telecommunications services
7 for eligible consumers, and is distributed on a per-customer basis and is directly
8 reflected in the price that the eligible customer pays, it is assured that all support
9 received by the carrier is used to provide Lifeline services to consumers, thus
10 promoting Lifeline and the availability of telephone service to low income users,
11 which is clearly in the public interest.

12 **Q: IS A COMPETITIVE LOCAL EXCHANGE CARRIER LIKE**
13 **TENNESSEE TELEPHONE ELIGIBLE FOR FEDERAL UNIVERSAL**
14 **SERVICE SUPPORT?**

15 **A:** Yes. Both the 1996 Telecommunications Act ("TA '96") and the FCC's rules
16 establish the directives for the Commission to follow in making an ETC
17 designation. Section 214(e) of TA '96 specifically provides that any common
18 carrier, including a competitive local exchange carrier such as Tennessee
19 Telephone, may be designated as an ETC for federal universal service support
20 purposes, provided that carrier meets the specific criteria set forth in Section
21 214(e)(1) of the Act, which Tennessee Telephone does.

1

2 **Q: WHAT ARE THE REQUIREMENTS FOR OBTAINING ETC**
3 **DESIGNATION?**

4 **A:** The eligibility requirements were recently supplemented by the FCC. The initial
5 requirements established by §214(e)(1) of the Act are still in place, and state:

6 A common carrier designated as an eligible telecommunications carrier under
7 paragraph (2) or (3) shall be eligible to receive universal service support in
8 accordance with section 254 and shall, throughout the service area for which the
9 designation is received:

10 (A) Offer the services that are supported by Federal universal service support
11 mechanisms under Section 254(c), either using its own facilities or a combination
12 of its own facilities and resale of another carrier's services (including the services
13 offered by another eligible telecommunications carrier); and

14

15 (B) Advertise the availability of such services and the charges therefore using
16 media of general distribution.

17

18 **Q: IS TENNESSEE TELEPHONE REQUESTING DESIGNATION IN THIS**
19 **PROCEEDING FOR THE STUDY AREA OF ANY RURAL LEC IN**
20 **SOUTH CAROLINA?**

21 **A:** No. Tennessee Telephone's Petition requests designation only in the wire centers
22 of BellSouth/AT&T which have been classified as non-rural.

1

2 **Q: DOES TENNESSEE TELEPHONE CURRENTLY HAVE**
3 **INTERCONNECTION AGREEMENT WITH BELLSOUTH/AT&T?**

4 **A:** Yes.

5 **Q: IS IT YOUR UNDERSTANDING THAT TENNESSEE TELEPHONE IS**
6 **ENTITLED TO BE DESIGNATED AS AN ETC IF IT DEMONSTRATES**
7 **THAT IT IS CAPABLE OF MEETING ALL OF THE OBLIGATIONS**
8 **IMPOSED BY SECTION 214(e) OF TA'96 AS WELL AS THE NEW**
9 **REQUIREMENTS ESTABLISHED BY THE FCC'S MARCH, 2005**
10 **ORDER?**

11 **A:** Yes. Tennessee Telephone has filed an Affidavit in support of its requirements
12 for designation as an Eligible Telecommunications Carrier as Exhibit 4 to our
13 application filed in this Docket.

1 **Q: THE FIRST CRITERION FOR ETC DESIGNATION UNDER SECTION**
2 **214(e)(1) IS COMMON CARRIER STATUS. IS TENNESSEE**
3 **TELEPHONE A COMMON CARRIER?**

4 **A:** Yes. Tennessee Telephone is a "common carrier" for purposes of obtaining ETC
5 designation under 47 U.S.C. § 214(e)(1). A common carrier is generally defined
6 in 47 U.S.C. §153(10) as "any person engaged as a common carrier for-hire" in
7 interstate or foreign communications utilizing either wire or radio technology,
8 except for radio broadcasters.

9 **Q: THE SECOND REQUIREMENT IS THAT TENNESSEE TELEPHONE**
10 **OFFER THE "SUPPORTED SERVICES." WHAT ARE THE**
11 **SUPPORTED SERVICES THAT MUST BE OFFERED?**

12 **A:** The FCC has identified (at 47 C.F.R. §54.101(a)) the following services and
13 functionalities as the core services to be offered by an ETC and supported by
14 federal universal service support mechanisms:

- 15 1. voice-grade access to the public switched network;
- 16 2. local usage;
- 17 3. dual tone multi-frequency signaling or its functional equivalent;
- 18 4. single-party service or its functional equivalent;
- 19 5. access to emergency services;
- 20 6. access to operator services;
- 21 7. access to interexchange services;
- 22 8. access to directory assistance;
- 23 9. toll limitation for qualifying low-income consumers

1 **Q: CAN TENNESSEE TELEPHONE CURRENTLY PROVIDE THE**
2 **SUPPORTED SERVICES SET FORTH ABOVE USING ITS NETWORK**
3 **THAT IS IN PLACE TODAY?**

4 **A:** Yes. Tennessee Telephone's present network can provide all of the supported
5 services to consumers in South Carolina. Tennessee Telephone recognizes its
6 obligation to offer these services including the "toll limitation for qualifying low-
7 income consumers" service that is linked to the federal "Lifeline" program and
8 targeted at meeting the needs of low-income consumers. Tennessee Telephone,
9 however, cannot participate in the federal Lifeline program until it receives its
10 ETC designation. Once Tennessee Telephone receives ETC designation it will
11 provide toll limitation as required by the FCC's rules.

12 **Q: COULD YOU EXPLAIN EACH OF THE SUPPORTED SERVICES AND**
13 **HOW TENNESSEE TELEPHONE PROVIDES, OR WILL PROVIDE**
14 **THESE SERVICES?**

15 **A:** Yes. Tennessee Telephone presently provides or plans to provide each of the
16 supported services identified by the FCC in 47 C.F.R. § 54.101(a) as follows:

17
18 a. *Voice-grade access to the public switched telephone network.* The
19 FCC has concluded that voice grade service means the ability to make and
20 receive phone calls, within a specified bandwidth and frequency range.
21 Tennessee Telephone meets this requirement by providing voice-grade
22 access to the public switched telephone network. Through its
23 interconnection agreements, all customers of Tennessee Telephone are

1 able to make and receive calls on the public switched telephone network
2 within the specified bandwidth.

3 b. *Local usage.* ETCs must include local usage beyond providing
4 simple access to the public switched network as a part of a universal
5 service offering. Tennessee Telephone includes specified quantities of
6 usage in its rate plans and thereby complies with the requirement. It is
7 important to note, that currently, there is no specific rule that requires an
8 ETC to include any particular amount of local usage, although all of
9 Tennessee Telephone' service offerings include unlimited local calling.

10 c. *Dual-tone, multi-frequency ("DTMF") signaling or its functional*
11 *equivalent.* DTMF, more commonly known as touch-tone, is a method of
12 signaling that facilitates the transport of call set-up and detail information.
13 Through its interconnection agreements, Tennessee Telephone provides
14 DTMF signaling to its customers, which is the equivalent of that offered
15 by the incumbent LECs to its customers.

16 d. *Single-party service or its functional equivalent.* Tennessee
17 Telephone meets the requirement of single-party service by providing a
18 dedicated message path for the length of all customer calls.

1
2 e. *Access to emergency services.* The ability to reach a public
3 emergency service provider by dialing 911 is a requirement in any
4 universal service offering. Tennessee Telephone currently provides its
5 subscribers access to 911 emergency service in accord with this
6 requirement, and consistent with FCC Regulations throughout the service
7 area for which designation is sought. Tennessee Telephone also provides
8 Enhanced 911 services including Phase I and Phase II E911 services
9 where requested by local public safety authorities ready to receive the
10 information and where the local exchange carrier supports such services.

11 f. *Access to operator services.* Access to operator services is defined
12 as any automatic or live assistance provided to a consumer to arrange for
13 billing or completion, or both, of a telephone call. Tennessee Telephone
14 currently provides access to operator services though a 1-800 calling
15 service. Customers can also obtain 1+ service through a third party
16 provider to access such services.

17 g. *Access to directory assistance.* Much like operator services,
18 Tennessee Telephone currently offers access to directory assistance
19 services though a 1-800 calling service. Customers can also obtain 1+
20 service through a third party provider to access such services.

21 h. *Access to interexchange service.* Tennessee Telephone meets the
22 requirements of access to interexchange service by providing all of its
23 customers with the ability to make and receive interexchange calls

1 through 1+800 calling services provided by third party LD carriers.
2 Additionally, customers can obtain 1+ services through a third party
3 provider, and are able to reach their IXC of choice by dialing the
4 appropriate access code.

5 i. *Toll limitation for qualifying low-income consumers.* As
6 previously mentioned, toll limitation for qualifying low-income
7 consumers is linked to participation in the Lifeline program, which
8 Tennessee Telephone will participate in and offer upon designation as an
9 ETC. 47 CFR § 54.400(d) defines Toll Limitation” as either toll blocking
10 or toll control for telecommunications carriers that are incapable of
11 providing both services. At this time, Tennessee Telephone does offer toll
12 control. Per the requirements of 47 CFR § 54.400(d) Tennessee
13 Telephone will provide eligible Lifeline subscribers with the ability to
14 subscribe to toll blocking, at no additional charge, which restricts the
15 dialing of toll billed calls while permitting local calls, and non-chargeable
16 calls to company numbers such as repair service, emergency numbers
17 (911) and 800 dialing.

1

2 **Q: DOES TENNESSEE TELEPHONE OFFER THE ABOVE-REFERENCED**
3 **SUPPORTED SERVICES VIA ITS OWN FACILITIES OR A**
4 **COMBINATION OF ITS OWN FACILITIES AND RESALE OF**
5 **ANOTHER CARRIER’S SERVICES?**

6 **A:** Depending on the type of service the customer requests and the precise location of
7 the customer, Tennessee Telephone offers the supported services either through
8 the purchase of switched port/loop combinations Unbundled Network Elements
9 (UNEs) or through resale of another carrier’s services. Consistent with the
10 requirements of 47 CFR. § 201(e), these facilities are physical components of the
11 telecommunications network that are used in the transmission or routing of the
12 services for which support is requested. Because these facilities include
13 unbundled network elements, they meet the FCC’s definition of “own facilities”
14 established in 47 CFR § 201(f) and thereby make the method by which Tennessee
15 Telephone provisions the supported services consistent with the FCC’s rules
16 found at 47 CFR § 54.201(d)(1) through (i).

17 **Q: WILL TENNESSEE TELEPHONE PROVIDE SUPPORTED UNIVERSAL**
18 **SERVICES ONCE DESIGNATED AS AN ETC?**

19 **A:** Yes. Tennessee Telephone will provide all supported universal services once
20 designated as an ETC.

1

2 **Q: WILL TENNESSEE TELEPHONE PARTICIPATE IN THE LIFELINE**
3 **AND LINK-UP PROGRAMS IF IT IS DESIGNATED AS AN ETC?**

4 **A:** Yes, as we stated in our Petition, upon designation as an ETC, Tennessee
5 Telephone will participate in, and offer, LifeLine and Link-Up programs to
6 qualifying low-income consumers and publicize the availability of Lifeline and
7 Link-Up services in a manner reasonably designed to reach those likely to qualify
8 for those services, as required by 47 C.F.R. §§ 54.401-54.417; 54.405(b)&
9 54.411(d).

10 **Q: A THIRD REQUIREMENT FOR DESIGNATION AS AN ETC IS TO**
11 **ADVERTISE THE AVAILABILITY OF THE SUPPORTED SERVICES.**
12 **HOW DOES TENNESSEE TELEPHONE INTEND TO ADVERTISE THE**
13 **AVAILABILITY OF THE SUPPORTED SERVICES?**

14 **A:** Tennessee Telephone advertises the availability of the supported services and the
15 corresponding charges in a manner that informs the general public within the
16 designated service area of both the services available and the corresponding
17 charges. Tennessee Telephone advertises its services through several different
18 media of general distribution including (but not limited to) marketing at targeted
19 retail locations as well as advertisements via television, radio, newspapers and
20 various free publications target at low-income consumers such as the “Dollar
21 Saver”. In addition, Tennessee Telephone will comply with the requirements of
22 103-690(C) of the Commissions rules, which states that “carriers seeking
23 certification in areas not eligible for High Cost Support from the USF, but seeking

1 ETC designation for the purpose of participation in the Lifeline and Link Up
2 programs...shall submit a two-year plan that describes the carrier's plans for
3 advertising and outreach programs for identifying, qualifying, and enrolling
4 eligible participants in the Lifeline and link Up programs".

5 **Q: IS TENNESSEE TELEPHONE ABLE TO SATISFY EACH OF THE**
6 **ADDITIONAL REQUIREMENTS ESTABLISHED IN THE FCC'S**
7 **MARCH 17, 2005 ORDER?**

8 **A:** Yes. Tennessee Telephone will provide each of the supported services identified
9 in 47 C.F.R. §54.101 as follows:

10 a. Tennessee Telephone will commit to provide service throughout its
11 proposed designated service area to all customers making a reasonable request for
12 service. Tennessee Telephone certifies that it will (a) provide service on a timely
13 basis to requesting customers within the applicant's service area where the
14 applicant's network already passes the potential customer's premises; and (b)
15 provide service within a reasonable period of time, if the potential customer is
16 within Tennessee Telephone's licensed service area but outside its existing
17 network coverage, if service can be provided at reasonable cost by reselling
18 services from another carrier's facilities to provide service.

19 b. Under FCC guidelines, an ETC Applicant must submit a five-year plan
20 that describes with specificity proposed improvements or upgrades to the
21 applicant's network on a wire center-by-wire center basis throughout its proposed
22 Designated Service Area. The only circumstance warranting deviation from this
23 requirement is where an applicant's requested ETC serving territory would qualify

1 it to receive no “high cost” USF support, but only “low income” USF support.
2 Because Tennessee Telephone seeks ETC designation solely for purposes of
3 reimbursement for provision of subsidized Lifeline and Link-Up services to
4 eligible customers, submission of a Five-Year Network Improvement Plan is not
5 required at this time. In lieu of this requirement, Tennessee Telephone will fully
6 comply with the requirements of 103-690(C) and has submitted Tennessee
7 Telephone’s two-year Lifeline and Link Up advertising plan in it’s Application
8 for Certification as an Eligible Telecommunications Carrier. As Lifeline support
9 is designed to reduce the monthly cost of telecommunications services for eligible
10 consumers, and is distributed on a per-customer basis and is directly reflected in
11 the price that the eligible customer pays, it is assured that all support received by
12 the carrier is used to provide Lifeline services to consumers, thus promoting
13 Lifeline and the availability of telephone service to low income users, which is
14 clearly in the public interest.

15
16 c. Providing service to its customers through resale of another carrier’s
17 services or the use of switched port/loop combination UNEs, leased from the
18 ILECs, allows Tennessee Telephone to provide to its customers the same ability
19 to remain functional in emergency situations as currently provided by the ILECs
20 to their own customers (including access to a reasonable amount of back-up
21 power to ensure functionality without an external power source, rerouting of
22 traffic around damaged facilities, and the capability of managing traffic spikes
23 resulting from emergency situations). Further, by nature of the fact that these

1 services are implicitly included in the rates that Tennessee Telephone pays to the
2 ILECs, these capabilities are also available to Tennessee Telephone's customers.

3
4 d. Tennessee Telephone will satisfy applicable consumer protection and
5 service quality standards. Under FCC guidelines, an ETC Applicant must
6 demonstrate that it will satisfy applicable consumer protection and service quality
7 standards. 47 CFR §54.202(a)(3); FCC ETC Order at Para 28. Applicant will
8 satisfy all such standards. As part of its certification requirements for providing
9 local exchange services, Applicant must abide by the service quality and
10 consumer protection rules. In addition, Applicant commits to reporting
11 information on consumer complaints per 1,000 lines on an annual basis consistent
12 with the FCC's ETC Order. Applicant in general commits to satisfying all such
13 applicable state and federal requirements related to consumer protection and
14 service quality standards.

15 e. Tennessee Telephone's offering includes a local usage component with
16 unlimited local calling similar to the ILECs' basic local service offerings. The
17 amount of credits that will be provided to eligible low participating in the lifeline
18 and link-up program, is set forth in proposed tariff revisions, which was attached
19 as Exhibit 2 to our Application in this Docket.

1 f. Tennessee Telephone acknowledges that the FCC may require it to
2 provide equal access to long-distance carriers in the event that no other eligible
3 telecommunications carrier is providing equal access within the service area.

4 g. As relevant to the Commission's public interest inquiry, Tennessee
5 Telephone's presence will undeniably include a benefit of increased customer
6 choice, as Tennessee Telephone's service offering is unique, and serves a specific
7 sector of the public who might well not otherwise have wire line telephone
8 service.

9 h. Tennessee Telephone does not seek designation below the study area level
10 of a rural telephone company, and therefore, no "cream skimming" analysis is
11 required. Likewise, Tennessee Telephone does not seek designation as an ETC
12 for any part of tribal lands. Therefore, the public notice requirements established
13 by the FCC for tribal lands do not apply.

14 **Q: IN WHAT SERVICE AREAS IS TENNESSEE TELEPHONE SEEKING**
15 **DESIGNATION AS AN ETC?**

16 **A:** Pursuant to Section 54.207 of the FCC's rules, a "service area" is a "geographic
17 area established by a state commission for the purpose of determining universal
18 service obligations and support mechanisms." 47 C.F.R. § 54.207(a). For service
19 areas served by non-rural ILECs such as BellSouth/AT&T, there are no
20 restrictions on how a Commission defines the "service area" for purposes of
21 designating a competitive ETC. Tennessee Telephone proposes a service area
22 consisting of each of the AT&T South Carolina wire centers in South Carolina
23 which are set forth in Exhibit 1 to our Application in this Docket.

1

2 **Q: DOES TENNESSEE TELEPHONE PROVIDE TELECOMMUNICATIONS**
3 **SERVICE THROUGHOUT THE NON-RURAL ILEC SERVICE AREAS**
4 **FOR WHICH IT SEEKS ETC DESIGNATION?**

5 **A:** Yes.

6 **Q: BEFORE DESIGNATING TENNESSEE TELEPHONE AS AN ETC, IS**
7 **THE COMMISSION REQUIRED TO FIND THAT THE DESIGNATION**
8 **IS IN THE PUBLIC INTEREST?**

9 **A:** Yes.

10 **Q: HOW, AND IN WHAT TERMS, WILL TENNESSEE TELEPHONE'S**
11 **PRESENCE AS AN ETC IN SOUTH CAROLINA AFFECT THE**
12 **MARKET AS A WHOLE AND THE PUBLIC INTEREST GENERALLY?**

13 **A:** A grant of Tennessee Telephone's application will serve the public interest and the
14 market as a whole by promoting additional deployment of Tennessee Telephone's
15 unique local service. It is important to note that most of Tennessee Telephone's
16 customers do not meet the traditional "creditworthiness" test of ILECs and
17 CLECs, and therefore, many are unable to obtain wire line local exchange service.
18 Tennessee Telephone's designation as an ETC will bring consumers the benefits
19 of its unique service to a specific segment of the market.
20 Furthermore, A central purpose of the Telecommunications Act of 1996 was to
21 "promote competition and reduce regulation ... [thereby securing] lower prices
22 and higher quality services ... and encourage the rapid deployment of new

telecommunications technologies.”¹ Designation of Tennessee Telephone as an ETC would further these goals. Granting ETC status to Tennessee Telephone would allow the Company to obtain federal universal service support, which it will use to offer innovative telecommunications services at competitive prices to non-rural consumers in the Designated Service Area.

Q: IF TENNESSEE TELEPHONE’S PETITION IS GRANTED, WILL THERE BE ANY FINANCIAL IMPACT ON THE UNIVERSAL SERVICE FUND OR THE FEDERAL UNIVERSAL SERVICE FUND SURCHARGE THAT SOUTH CAROLINA END USERS PAY?

A: No. In fact the amount of support available to an eligible subscriber is exactly the same whether the support is given through a company such as Tennessee Telephone or the Incumbent LEC operating in the same service area. As such designation of Tennessee Telephone will not create any financial impact on the Universal Service Fund, the Federal Universal Surcharge that South Carolina end users pay, or an increase to the State or its political subdivisions.

Q: HAS TENNESSEE TELEPHONE BEEN GRANTED ETC STATUS BY ANY STATE COMMISSIONS?

A: Yes, Tennessee Telephone has been designated as ETC in the State of Alabama.

¹ The Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56, 56 (1996).

1

2 **Q: HAS TENNESSEE TELEPHONE BEEN AUDITED BY USAC, OR ANY**
3 **OTHER ENTITY, PERTAINING TO LIFELINE AND LINK-UP?**

4 **A:** No.

5 **Q: DOES TENNESSEE TELEPHONE AGREE TO COMPLY WITH ALL**
6 **COMMISSION RULES AND REGULATIONS REGARDING ETC,**
7 **INCLUDING THOSE SET FORTH IN DOCKET NO. 2006-37-C?**

8 **A:** Yes. Applicant hereby asserts its willingness and ability to comply with all the
9 rules and regulations that the Commission may lawfully impose upon Applicant's
10 provision of service contemplated by this application.

11 Applicant has requested ETC designation in wire centers located throughout, the
12 service area of AT&T South Carolina, a non-rural carrier. Additionally,
13 Applicant has limited its requested USF support to the federal USF low income
14 support program. Applicant certifies that all low income USF funding it receives
15 will be used to provide a credit to its Lifeline and Link-up eligible customers,
16 consistent with 47 CFR 54.403.

1
2 Applicant agrees to include in its quarterly Service Quality Report the number and
3 justification of applications held for more than 30 days and the number and
4 justification of applications that were denied. Tennessee Telephone will only seek
5 direct low income support from the Federal Universal Service Fund for the those
6 line provided through the use of its own facilities or through a combination of its
7 own facilities and the leased facilities of another carrier. Applicant agrees to
8 utilize the same qualifying criteria for Lifeline and Link-up as is offered in the
9 AT&T South Carolina territory (eligibility for TANF, Food Stamps, and
10 Medicaid). Applicant agrees that it will abide by all advertising and reporting and
11 verification requirements established by the FCC and Commission.

12 **Q: EXPLAIN HOW THE COMPANY'S RATES AND CHARGES ARE**
13 **COMPARABLE TO BELL SOUTH TELECOMMUNICATIONS/AT&T**
14 **SOUTH CAROLINA RATES AND CHARGES?**

15 **A:** Applicant agrees to provide Lifeline customers an additional \$3.50 credit in order
16 that the federal matching monies can be maximized. This will yield a Lifeline
17 credit of \$13.50 per month which is consistent with the credit offered throughout
18 AT&T South Carolina service area.
19

1

2 Should Applicant seek designation as an ETC for high cost support, Applicant
3 will file an additional and separate application with the Commission that
4 addresses all applicable state and federal laws, rules and regulations, including,
5 but not limited to, an appropriate build-out plan that includes the use of its own
6 facilities in addition to those obtained through commercial agreements to provide
7 services to un-served areas.

8 Applicant has submitted a two-year plan that describes the carrier's plans for
9 advertising and outreach programs for identifying, qualifying and enrolling
10 eligible participants in the Lifeline and Link Up programs.

11 Applicant shall comply will all applicable state and federal laws, rules, and
12 regulations regarding ETC designation and reporting requirements.

13

14 **Q: DOES THIS CONCLUDE YOUR TESTIMONY?**

15 **A: Yes.**

Exhibit A

Resume

220 Creekside Drive
Dickson, Tennessee 37055

Phone (615) 229-2123
Fax (615) 446-9207
E-mail
mattdavis@freecomusa.com

Matt Davis

Professional experience

September 2003 to Present
CEO Freedom Communications USA

- Increased revenues over 800% in five years
- Expanded service areas in to nine states from one
- Named Music City Future 50 company four consecutive years

February 2000 to September 2003
Founder EruComp, Inc.

- Created and developed a web-based learning tool for tutoring companies to help meet standards set by the No Child Left Behind Act
- Partially funded company myself and brought in other financing as well

September 1996 to November 1999
Vice President PFIC Securities Corporation

- Set up banks to offer non-traditional investment services to their customers
- Acted as investment sales manager for multiple banks throughout the Southeast
- Managed largest bank accounts in the PFIC system
- Helped company grow from 40 employees to 180 during time with company

February 1994 to August 1996
Investment Broker A.G. Edwards

- Helped individuals create strategies for building wealth through the purchase of investment securities

Education

September 1989 to May 1993
B.A. Finance University of Notre Dame